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SACRAMENTO COURTS  
DEPT. #53

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 WAYNE STRUMPFER  
Deputy Commissioner  
3 ALAN S. WEINGER  
Lead Corporations Counsel  
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7 Attorneys for the People of the State of California

8  
9 SUPERIOR COURT OF THE STATE OF CALIFORNIA

10 FOR THE COUNTY OF SACRAMENTO

11 THE PEOPLE OF THE STATE OF  
12 CALIFORNIA, by and through the  
13 CALIFORNIA CORPORATIONS  
COMMISSIONER,

14 Plaintiff,

15 vs.

16 FILMMATES ENTERTAINMENT, INC., a  
California corporation; FILMMATES  
17 ENTERTAINMENT, INC, a Nevada  
corporation; FILMMATES CORPORATION, a  
18 California corporation; FILMMATES  
PARTNERS, LLC, a California limited liability  
19 company, SWIM COOL SYSTEMS, a  
California corporation, SWIM COOL  
20 SYSTEMS, LLC, a California limited liability  
company, JAY MALLA MALDONADO, as an  
21 individual; BILL NANCE, as an individual;  
22 ALAN GODA, as an individual, and Does 1  
through 10, inclusive,

23  
24 Defendants.

Case No.: 07AS04961

(PROPOSED) FINAL JUDGMENT OF  
PERMANENT INJUNCTION AGAINST  
DEFENDANTS, FILMMATES  
ENTERTAINMENT, INC., FILMMATES  
ENTERTAINMENT, INC., a Nevada  
Corporation, FILMMATES  
CORPORATION, FILMMATES  
PARTNERS, LLC, JAY MALLA  
MALDONADO, and BILL NANCE

DATE:

TIME:

DEPT: 53

TRIAL DATE: None set

25 A. Plaintiff, the People of the State of California, by and through, Preston

26 DuFauchard, California Corporations Commissioner ("Plaintiff") filed a Complaint against

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(PROPOSED) FINAL JUDGMENT OF PERMANENT INJUNCTION AGAINST  
DEFENDANTS, FILMMATES ENTERTAINMENT, INC., FILMMATES ENTERTAINMENT, INC., a Nevada Corporation,  
FILMMATES CORPORATION, FILMMATES PARTNERS, LLC, JAY MALLA MALDONADO, and BILL NANCE

1 FILMMATES ENTERTAINMENT, INC., FILMMATES ENTERTAINMENT, INC., a Nevada  
2 Corporation, FILMMATES CORPORATION, FILMMATES PARTNERS, LLC, JAY MALLA  
3 MALDONADO, and BILL NANCE (collectively referred to as "Defendants").

4 B. DEFENDANTS stipulated to jurisdiction of this Court over them and over the  
5 subject matter of this action.

6 C. DEFENDANTS stipulated to receiving service of the Summons and Complaint  
7 filed in this matter.

8 D. DEFENDANTS read the Complaint for Permanent Injunction, the Stipulation to  
9 Entry of Judgment of Permanent Injunction Between Plaintiff and Defendants, Filmmites  
10 Entertainment, Inc., Filmmites Entertainment, Inc., a Nevada Corporation, Filmmites  
11 Corporation, Filmmites Partners, LLC, Jay Malla Maldonado, and Bill Nance (referenced  
12 hereinafter as "Stipulation"), this proposed Final Judgment of Permanent Injunction Against  
13 Defendants Filmmites Entertainment, Inc., Filmmites Entertainment, Inc., a Nevada Corporation,  
14 Filmmites Corporation, Filmmites Partners, LLC, Jay Malla Maldonado, and Bill Nance  
15 (hereinafter "Final Judgment") and DEFENDANTS stipulate to entry of judgment on the terms  
16 and conditions contained in the Stipulation and reflected in the Final Judgment.

17 E. DEFENDANTS waived entry of Findings of Fact and Conclusions of Law under  
18 California Code of Civil Procedure section 632 and all rights to appeal the entry of the Final  
19 Judgment.

20 F. DEFENDANTS waived any claims known to them against the State of California,  
21 its agents, officers, or employees based on the facts underlying the present action.  
22 DEFENDANTS specifically waived any rights provided by California Civil Code section 1542,  
23 which provides: "A general release does not extend to claims which the Creditor does not know or  
24 suspect to exist in his favor at the time of executing the release."  
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1 G. DEFENDANTS stipulated and agreed that they entered into the Stipulation  
2 voluntarily and without coercion, and acknowledged that no promises, threats or assurances have  
3 been made by Plaintiff or any officer, or agent thereof to induce them to enter into the Stipulation.

4 **PURSUANT TO STIPULATION OF THE PARTIES AND GOOD CAUSE**  
5 **APPEARING THEREFOR, IT IS HEREBY ADJUDGED, ORDERED AND DECREED**  
6 **THAT JUDGMENT BE ENTERED AS FOLLOWS:**

7 The following facts are deemed and stipulated to be true:

8 a. Defendant FilmMates Entertainment, Inc. ("FilmMates Entertainment") is a  
9 California corporation, formed on October 25, 2004 and maintains a business address at P.O. Box  
10 63507 Los Angeles, California 90067.

11 b. Defendant FilmMates Entertainment, Inc. is a Nevada corporation, formed  
12 on May 3, 2005 and listing Jay Malla Maldonado as President located at P.O. Box 63507 Los  
13 Angeles, California 90067 and Bill Nance as Secretary and Treasurer.

14 c. Defendant FilmMates Corporation ("FilmMates Corp.") is a suspended  
15 California corporation, formed on November 6, 2001 and maintains a business address at P.O.  
16 Box 63507 Los Angeles, California 90067.

17 d. Defendant FilmMates Partners, LLC ("FilmMates LLC"), is a California  
18 limited liability company formed on November 1, 2002 and maintains a business address at P.O.  
19 Box 63507 Los Angeles, California 90067.

20 e. Defendant Jay Malla Maldonado, also known as J.A. Malla, Jay Malla,  
21 Joseph A. Maldonado, Joe A. Maldonado, Jay Malla-Maldonado, and Joe Malla, ("Malla") is an  
22 individual whose last known residence was at 51240 Avenida Carranza, La Quinta, California  
23 92253 and whose last known business address was at P.O. Box 63507 Los Angeles, California  
24 90067. Malla is a principal of FilmMates Entertainment, and FilmMates Corp.

1 f. Defendant Bill Nance ("Nance") is an individual whose last known  
2 residence was at 4005 Ocean Front Walk, Marina Del Rey, California 90292 and whose last  
3 known business address was at 2025 Avenue of the Stars, Los Angeles, CA 90067. Nance is a  
4 principal of FilmMates Entertainment, Inc.

5 g. On October 25, 2005, co-defendant Alan F. Goda (Goda) and Plaintiff,  
6 California Corporations Commissioner entered into a Desist and Refrain Order and Consent  
7 ("Order"), which was signed and agreed to by defendants FilmMates Corp., FilmMates LLC and  
8 Goda. The Order was issued because the Department found that FilmMates Corp., FilmMates  
9 LLC and Goda, through the officers, directors, partners, agents, employees and/or servants of  
10 FilmMates Corp., and FilmMates LLC were offering and selling unqualified, non-exempt  
11 securities, in violation of California Corporations Code section 25110. The Order prohibits those  
12 defendants from the further offer or sale of unqualified, non-exempt securities, in the State of  
13 California. The Order was personally signed by Goda, as the founder of both FilmMates  
14 Corporation and FilmMates Partners, LLC on October 6, 2005.

15 h. FilmMates Corp., FilmMates LLC and Goda consented to the entry of the  
16 Order and waived their right to a hearing on this matter and to all judicial review of this matter  
17 pursuant to California Corporations Code Section 25532 as indicated by Goda's signature on the  
18 Order dated October 6, 2005.

19 i. At the time FilmMates Corp., FilmMates LLC and Goda consented to the  
20 issuance of the desist and refrain order, Malla was the Senior Vice President of Development for  
21 FilmMates Corp.

22 j. In or about May 2006 FilmMates Entertainment registered with the Nevada  
23 Secretary of State naming Malla and Nance as officers.

24 k. In or about July 2005 FilmMates Corp. and FilmMates LLC transferred all  
25 interests into FilmMates Entertainment with the same corporate office location and website  
26 (www.filmmates.net) as FilmMates Corp. FilmMates Entertainment continues to list FilmMates  
27 Corp. located at 11965 Venice Boulevard, Suite 305, Los Angeles, California 90066 as its  
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1 headquarters on its website.

2 l. Notwithstanding the Order, Defendants, FilmMates Corp., FilmMates LLC,  
3 Nance, and Malla continued to offer securities by way of general solicitations in the form of  
4 advertisements in the Los Angeles Times newspaper, online edition.

5 m. These securities were offered or sold in the form of shares of common stock  
6 in FilmMates Entertainment.

7 n. Further, Defendants omitted to disclose material facts to potential investors  
8 in the offer and sale of securities, including but not limited to:

9 i) Failing to disclose, to investors and potential investors, that  
10 FilmMates Corp., FilmMates LLC were the subjects of a Desist and Refrain Order and Consent  
11 issued by the Commissioner on October 25, 2005, ordering those defendants to desist and refrain  
12 from the further offer or sale of unqualified, non-exempt securities in the State of California.

13 ii) Failing to tell investors that FilmMates Corp., FilmMates LLC, were  
14 the subjects of an Agreed Cease and Desist Order issued by the Texas State Securities Board for  
15 selling unqualified non-exempt securities on September 15, 2004. This order names Malla as Vice  
16 President of Development for FilmMates LLC.

17 iii) Failing to disclose that the federal government levied a tax lien  
18 against FilmMates Corporation on May 30, 2007.

19 iv) Failing to disclose that FilmMates Entertainment and FilmMates  
20 Corp. are subject to a lawsuit filed in Los Angeles County Superior Court in May 2006.

21 o. DEFENDANTS have no facts to support a defense to the allegation that  
22 Defendants offered unqualified non-exempt securities by way of general solicitations in the State  
23 of California in violation of California Corporations Code section 25110.

24 p. DEFENDANTS have no facts to support a defense to the allegation that  
25 Defendants omitted to disclose the material fact to potential investors in the offer and sale of  
26 securities, in violation of California Corporations Code section 25401.

q. DEFENDANTS have no facts to support a defense to the allegation that Defendants violated the Order requiring to desist and refrain from the unlawful activity.

AS A RESULT OF THE ABOVE THE COURT ENTERS JUDGMENT AS  
FOLLOWS:

1. DEFENDANTS, and their agents, employees, attorneys in fact in their capacities as such, and all persons acting in concert or participating with them, shall be and are hereby permanently enjoined from engaging in, committing, aiding and abetting, substantially assisting, or performing directly or indirectly, by any means whatsoever, any of the following acts:

a. Violating California Corporations Code section 25110, by offering to sell, selling, arranging for the sale of, issuing, engaging in the business of selling, negotiating for the sale of any security of any kind, unless such security or transaction is qualified unless exempt;

b. Violating California Corporations Code section 25401, by offering to sell or selling any security of any kind, including but not limited to, the securities described in the Complaint, by means of any written or oral communication which includes any untrue statement of material fact or omits or fails to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading;

c. Violating the Desist and Refrain and Consent Order issued by the California Corporations Commissioner on October 25, 2005, by offering and selling unqualified, non-exempt securities in violation of California Corporations Code section 25110;

d. Removing, destroying, mutilating, concealing, altering, transferring, or otherwise disposing of, in any manner, any books, records, computer programs, computer files, computer printouts, correspondence, brochures, manuals, or any other "writing" or "document" of any kind as defined under California Evidence Code section 250, relating to the transactions and course of conduct as alleged in the complaint of this action, unless authorized by this Court;

2. The Court shall retain jurisdiction of this action in order to implement and enforce the terms of this Stipulation and entry of the Final Judgment pursuant thereto, and to entertain any

1 suitable application or motion for additional relief or modification or any order made herein within  
2 the jurisdiction of the Court.

3  
4 IT IS SO ORDERED.

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6 Dated: MAR 11 2008

7 JUDGE OF THE SUPERIOR COURT

8 **LOREN E. McMASTER**  
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(PROPOSED) FINAL JUDGMENT OF PERMANENT INJUNCTION AGAINST  
DEFENDANTS, FILMMATES ENTERTAINMENT, INC., FILMMATES ENTERTAINMENT, INC., a Nevada Corporation,  
FILMMATES CORPORATION, FILMMATES PARTNERS, LLC, JAY MALLA MALDONADO, and BILL NANCE